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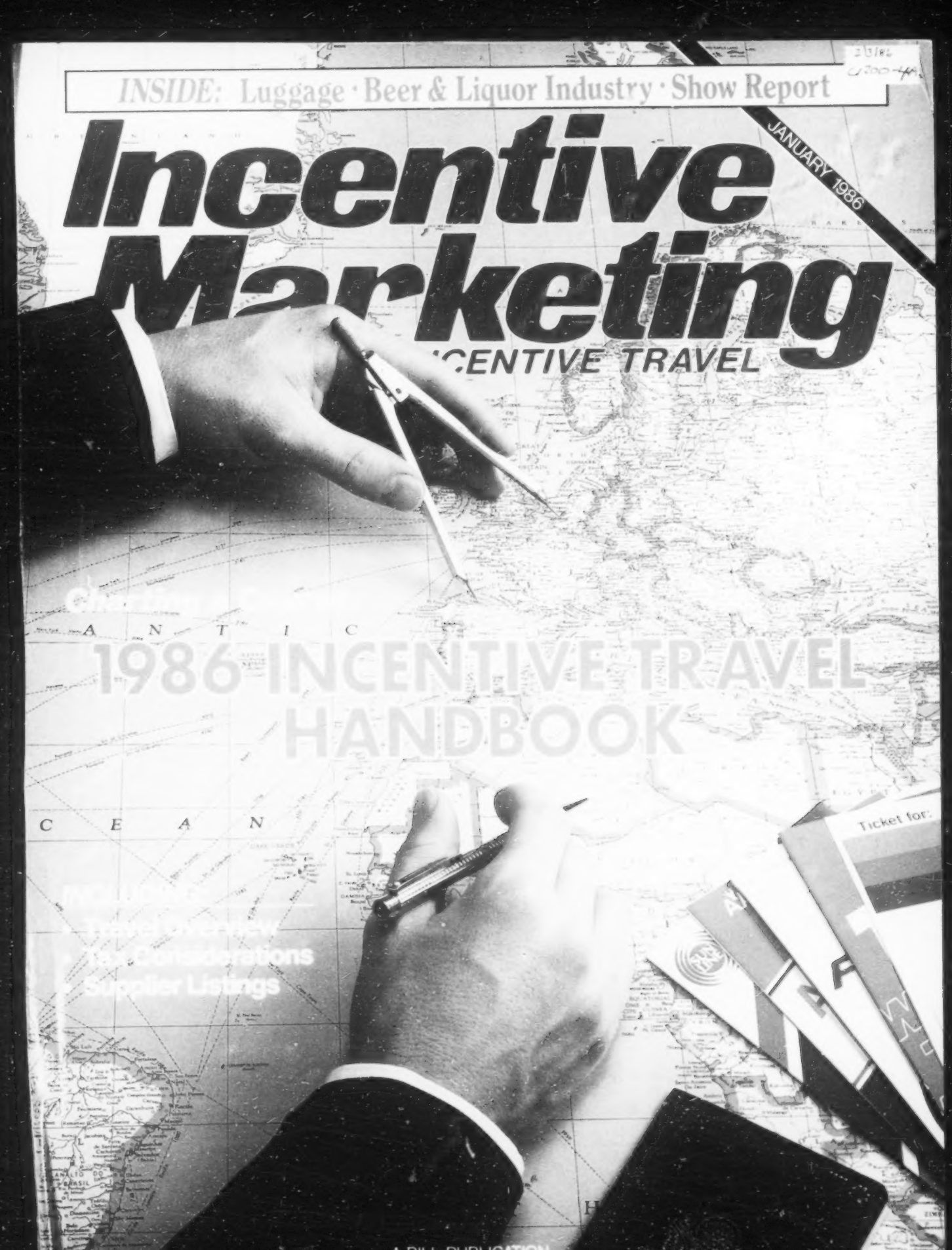
INSIDE: Luggage · Beer & Liquor Industry · Show Report

Incentive Marketing

JANUARY 1986

INCENTIVE TRAVEL



1986 INCENTIVE TRAVEL HANDBOOK

Ticket for:

A BILL PUBLICATION

PRODUCT FOCUS: Luggage

January 1986

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Cover Photo
Fred Slavin

Luggage has become a fashion accessory. See page 28.

NEWS

8
- As competition heightens, banks turn to teller training and incentive programs in efforts to provide top-notch customer service.
- Violence in South Africa takes its toll on tourism, while two governments debate the safety issue.
- Using motion pictures for product exposure and tie-in promotions can be a smart investment if approached cautiously, according to a PMAA law seminar.

FEATURES

16 ***SHOW NEWS***
IM offers complete coverage of the National Premium/Incentive Show and the Incentive Travel and Meetings Executives Show held last month at Chicago's McCormick Place.

24 ***BEER & LIQUOR***
- What's brewing in beer: Consumer promos are increasing because of competition in a mature market and the changing nature of beer distribution and purchasing patterns.
- Raising spirits: There's a growing commitment on the part of liquor companies to counter a declining market through aggressive promotion.

28 ***LUGGAGE***
In today's highly mobile and fitness-oriented society, luggage is becoming increasingly popular as a life-style accessory.

33 ***1986 INCENTIVE TRAVEL HANDBOOK***
- How to use this guide
- Services
- Transportation
- Incentive travel overview
- Tax considerations

DEPARTMENTS

6 **Viewpoint**—Anyone who has taken part in a successful incentive trip knows how fun the experience can be. But serious business takes place on even the most pleasure-filled trips.

16 **Show News**—Security during overseas incentive travel, programs for non-sales personnel and legitimate value in merchandise catalogues are issues raised by buyers at the NP/IS and IT&ME shows . . . Creative advice is offered at NPSE's University of Incentives . . . Up-to-date continuities are ultimately money-makers . . . NPSE elects Animal Fair's Juergens as president . . . Dittman receives travel award . . . Jagoda wins President's Award . . . Round-table participants discuss premium promotions . . . Combined Europe shows mimic IT&ME.

22 **Marketplace**

144 **Advertisers' Index**

145 **Reader Service and Comment Cards**

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Incentive Travel Overview

Travel award spending rose 10.1% last year to $1.57 billion; no incentive category showed faster growth.

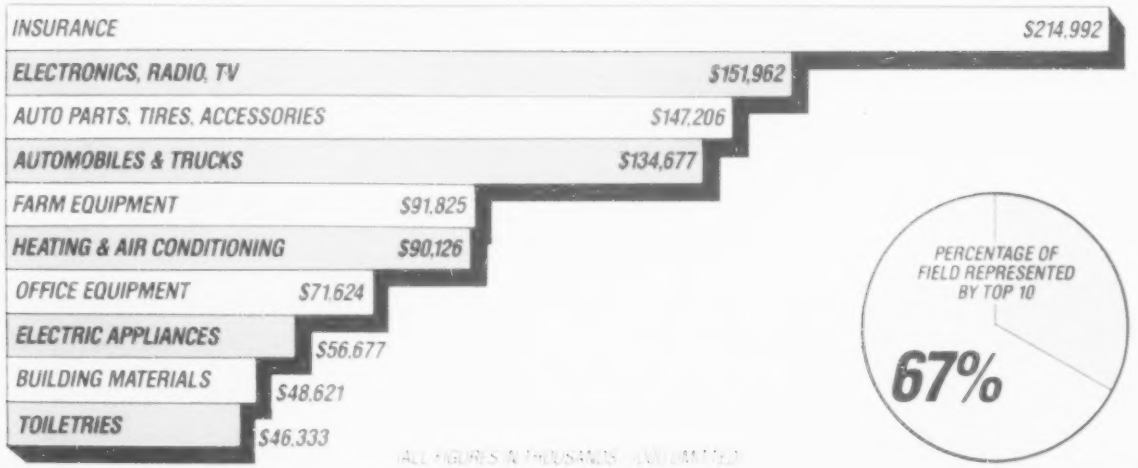
Growth in incentive travel spending continues to outpace other award categories, according to the 1985 **FACTS** survey published late last year. Travel award spending rose 10.1 percent last year to $1.57 billion from $1.42 billion the year before. No incentive category showed faster growth.

Back in the 1960's, when **Incentive Marketing** first began to survey incentive travel usage, it was no surprise to see this category grow by leaps and bounds. After all, any new field starting from a narrow base will rack up impressive gains at the outset. Now that travel has firmly established itself as a major award category, its rapid growth rate is even more impressive.

The continued expansion can be attributed, it appears, to: the success of travel in helping to produce sales gains; the increasingly elaborate nature of the programs; the application of travel awards to new categories of qualifiers from blue-collar workers to non-sales white-collar personnel, and the increased willingness of some users to sample faraway destinations.

Incentive travel buyers last year reported an all-time high in sales increases generated during incentive travel promotions, with the average gain at over 20 percent. At

TOP 10 INCENTIVE TRAVEL USERS (1985)



Companies seem more willing to experiment with far-flung locations.

the same time, the average cost of the trip—expressed in percent of incremental sales—dipped to 10 percent, with the median falling to 6 percent from 7 percent.

How elaborate the average program has become can be seen in the average cost per person, which rose 8 percent last year to $1,421 from $1,313 the year before. The median cost last year was $1,200, about the same as the prior year. In 1985, the number of respondents who said they spend more than $2,400 per person rose to 15 percent from 12 percent the year before. The percentage of respondents spending more than $1,600 per person rose to 29 percent from 26 percent. Over 90 percent of respondents said they invite spouses or guests.

Group size also is a factor in the growth of incentive travel spending. Last year's survey indicated that the average group size has grown to 148 people from 124 in 1984 and 113 in 1983.

Sales and dealer programs remain predominant in the incentive travel scene, but there seems to be an increasing shift to additional job categories. In last year's survey, company sales forces were the primary target of 78 percent of the programs. Others listed were: retail salespeople, 16 percent; distributor sales personnel, 13 percent; direct selling people, 16 percent, and independent sales reps, 22 percent. Retailers were the target of 31 percent of users' promotions, and 21 percent were aimed at distributors. Non-selling personnel were offered travel by 12 percent of respondents. (Total exceeds 100 percent because many companies run more than one travel campaign.)

In terms of expenditures, travel for sales personnel exceeded such awards for dealer personnel for the first time last year, with $723 million spent to motivate salespeople and $700 million for dealers.

Although domestic sites seem to be in increasing favor—64 percent of respondents last year said they held domestic trips while 36 percent used foreign destinations—companies seem more willing to experiment with far-flung locations. For instance, the number of respondents last year who said they had sent their winners to the Far East nearly doubled over the previous year.

Other noteworthy trends which turned up in the 1985 study were:

- **More favor individual travel.** Only 54 percent of respondents last year favored group trips, with the remainder preferring individual travel awards.
- **More use merchandise.** A majority of 55 percent of respondents said they include merchandise in travel campaigns, up from 45 percent the year before.
- **Qualification rates remain high.** On average, 31 percent of those eligible earned trips last year, about the same as 1984 but a big improvement over the 24 percent in 1983.
- **Recession fears have an effect.** While early survey results this year indicated a possible 18 percent increase in incentive travel expenditures, the final tally came in at 10 percent. Growing concerns of an impending recession appeared to dampen enthusiasm and prompt some companies to cut back on their plans. ■